

# One-Time Notification

Pub. 100-20	Transmittal: 17	Date: October 31, 2003	Change Request 2957
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**SUBJECT:** Fee Schedule Update for 2004 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

## I. GENERAL INFORMATION

### A. Background:

**B. Policy:** This transmittal provides instructions for updating and implementing the 2004 fee schedule amounts for DMEPOS. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by sections 1834(a), (h), and (i) of the Social Security Act. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained in 42 CFR 414.102.

The 2004 DMEPOS fee schedules have been calculated by the Division of Data Systems (DDS). The DDS will electronically release the 2004 DMEPOS Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T040101.V1104) to the statistical analysis durable medical equipment regional carrier (SADMERC), DMERCs, and local Part B carriers via CMS's mainframe telecommunication system on November 4, 2003. The DDS will release a separate 2004 DMEPOS Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T040101.V1204.FI) to the intermediaries, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on December 4, 2003. The fee schedule file will be available through the CMS homepage by December 4, 2003, for interested parties like the State Medicaid agencies and managed care organizations. The fee schedule for parenteral and enteral nutrition (PEN) will be released to the SADMERC and DMERCs in a separate file (filename: MU00.@BF12393.PEN.CY04.V1104) on November 4, 2003.

The HCPCS codes that do not yet have corresponding fee schedule amounts are contained in the 2004 DMEPOS Fee Schedule file and are identifiable by a gap-fill indicator of "1." These codes have associated pricing amounts of 0. DDS will release an addendum file to contractors on December 12, 2003, containing gap-filled fee schedule amounts for many of these codes. The DDS files will not contain fee schedule amounts for non-continental areas under local carrier jurisdiction. Local carriers must update their local fee schedule amounts for these areas using the appropriate covered item updates. The 2004 DMEPOS updates factor is 2.1 percent for all items except oxygen and oxygen equipment. The 2004 covered item update for oxygen is 0 percent. It is possible that the DMEPOS update factors could be changed through the legislative process.

The DDS will electronically release the 2004 DMEPOS Gap-fill Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T040101.GAP.V1212) to the statistical analysis durable medical equipment regional carrier (SADMERC), DMERCs, and local Part B

carriers via CMS's mainframe telecommunication system on December 12, 2003. The DDS will release a separate 2004 DMEPOS Gap-fill Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T040101.GAP.V1212.FI) to the intermediaries, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on December 12, 2003.

The fee schedule amounts for code L0486 are being revised as part of the January 2004 DMEPOS fee schedule update.

**C. Provider Education:** Contractors shall inform affected providers by posting either a summary or relevant portions of this document, not including actual fee schedule amounts, on their Web site within two weeks. Also, carriers shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about DMEPOS fee schedule calculations for 2004 is available on their Web site. Whenever the carriers publish the DMEPOS fee schedule in their bulletins/notices, a disclaimer must be added. The disclaimer is, "Inclusion or exclusion of a fee schedule amount for an item or service does not imply any health insurance coverage."

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
1.1	DMERCs must gap-fill base fee schedule amounts for each State in their region for the new HCPCS codes identified below that will be subject to the DMEPOS fee schedules in 2004.	DMERCs

The codes listed below fall into one of the following payment categories:

CR = Capped Rental DME  
 FS = Frequently Serviced DME  
 IN = Inexpensive or Routinely Purchased DME  
 OS = Ostomy, Tracheostomy, or Urological Supply  
 PO = Prosthetics and Orthotics  
 SD = Surgical Dressings  
 SU = DME Supplies

<u>Code</u>	<u>Description of Item</u>	<u>Category</u>
A4216	Sterile water/saline 10 ml	OS
A4217	Sterile water/saline 500 ml	OS
A4217AU	Sterile water/saline 500 ml	SU
A4366	Ostomy vent, any type, each	OS

A4420	Ostomy pouch, closed; for use on barrier with locking flange (2 piece), each	OS
A4423	Ostomy pouch, closed; for use on barrier with locking flange, with filter (2 piece), each	OS
A4427	Ostomy pouch, drainable; for use on barrier with locking flange, with filter (2 piece system), each	OS
A4638	Replacement battery for patient-owned ear pulse generator, each	IN
A6407	Packing strips, non-impregnated, up to 2" width, per linear yard	SD
A6441	Padding bandage, non-elastic, non-woven/non-knitted, width greater than or equal to three inches and less than five inches, per yard	SD
A6442	Conforming bandage, non-elastic, knitted/woven, non-sterile, width less than three inches, per yard	SD
A6443	Conforming bandage, non-elastic, knitted/woven, non-sterile, width greater than or equal to three inches and less than five inches, per yard	SD
A6444	Conforming bandage, non-elastic, knitted/woven, non-sterile, width greater than 5 inches, per yard	SD
A6445	Conforming bandage, non-elastic, knitted/woven, sterile, width less than three inches, per yard	SD
A6446	Conforming bandage, non-elastic, knitted/woven, sterile, width greater than or equal to three inches and less than five inches, per yard	SD
A6447	Conforming bandage, non-elastic, knitted/woven, sterile, width greater than or equal to five inches, per yard	SD
A6448	Light compression bandage, elastic, knitted/woven, width less than three inches, per yard	SD
A6449	Light compression bandage, elastic, knitted/woven, width greater than or equal to three inches and less than five inches, per yard	SD
A6450	Light compression bandage, elastic, knitted/woven, width greater than or equal to five inches, per yard	SD
A6451	Moderate compression bandage, elastic, knitted/woven, load resistance of 1.25 to 1.34 foot pounds at 50% maximum stretch, width greater than or equal to three inches or less than five inches, per yard	SD
A6452	High compression bandage, elastic, knitted/woven, load resistance greater than or equal to 1.35 foot pounds at 50% maximum stretch, width greater than or equal to three inches and less than five inches per yard	SD
A6453	Self-adherent bandage, elastic, non-knitted/non-woven, less than three inches, per yard	SD
A6454	Self-adherent bandage, elastic, non-knitted/non-woven, width greater than or equal to three inches and less than five inches	SD
A6455	Self-adherent bandage, elastic, non-knitted/non-woven, width greater than or equal to five inches, per yard	SD
A6456	Zinc paste impregnated bandage, non-elastic, knitted/woven, width greater than or equal to three inches and less than five inches, per yard	SD
A7046	Replacement water chamber for humidifier, used with positive airway pressure device, each	IN
A7520	Tracheostomy/laryngectomy tube, non-cuffed, polyvinylchloride	OS

	(PVC), silicone or equal, each	
A7521	Tracheostomy/laryngectomy tube, cuffed, polyvinylchloride (PVC), silicone or equal, each	OS
A7522	Tracheostomy/laryngectomy tube, stainless steel or equal (sterilizable and reusable), each	OS
A7524	Tracheostoma stent/stud/button, each	OS
A7526	Tracheostomy tube collar/holder, each	OS
E0140	Walker, with trunk support, adjustable or fixed height, any type	IN
E0300	Pediatric crib, hospital grade, fully enclosed	IN
E0301	Hospital bed, heavy duty, extra wide, with weight capacity greater than 350 pounds, but less than or equal to 600 pounds, with any type side rails, without mattress	CR
E0302	Hospital bed, heavy duty, extra wide, with weight capacity greater than 600 pounds, with any type side rails, without mattress	CR
E0637	Combination sit to stand system, any size, with seat lift feature, with or without wheels	IN
E0638	Stand frame system, any size, with or without wheels	IN
E0675	Pneumatic compression device, high pressure, rapid inflation/deflation cycle, for arterial insufficiency (unilateral or bilateral system)	CR
E0955	Wheelchair accessory, headrest, cushioned, prefabricated, including fixed mounting hardware, each	IN
E0956	Wheelchair accessory, lateral trunk or hip support, prefabricated, including fixed mounting hardware, each	IN
E0957	Wheelchair accessory, medial thigh support, prefabricated, including fixed mounting hardware, each	IN
E0960	Wheelchair accessory, shoulder harness/straps or chest strap, including any type mounting hardware	IN
E0985	Wheelchair accessory, seat lift mechanism	IN
E0986	Manual wheelchair accessory, push-rim activated power assist, each	IN
E1002	Wheelchair accessory, power seating system, tilt only	IN
E1003	Wheelchair accessory, power seating system, recline only, without shear reduction	IN
E1004	Wheelchair accessory, power seating system, recline only, with mechanical shear reduction	IN
E1005	Wheelchair accessory, power seating system, recline only, with power shear reduction	IN
E1006	Wheelchair accessory, power seating system, combination tilt and recline, without shear reduction	IN
E1007	Wheelchair accessory, power seating system, combination tilt and recline, with mechanical shear reduction	IN
E1008	Wheelchair accessory, power seating system, combination tilt and recline, with power shear reduction	IN
E1009	Wheelchair accessory, addition to power seating system, mechanically linked leg elevation system, including pushrod and legrest, each	IN
E1010	Wheelchair accessory, addition to power seating system, power leg elevation system, including legrest, each	IN

E1019	Wheelchair accessory, power seating system, heavy duty feature, patient weight capacity greater than 250 pounds and less than or equal to 400 pounds	IN
E1021	Wheelchair accessory, power seating system, extra heavy duty feature, weight capacity greater than 400 pounds	IN
E1028	Wheelchair accessory, manual swingaway, retractable, or removable mounting hardware	IN
E1029	Wheelchair accessory, ventilator tray, fixed	IN
E1030	Wheelchair accessory, ventilator tray, gimbaled	IN
E2120	Pulse generator system for the tympanic treatment of inner ear endolymphatic fluid	CR
E2201	Manual wheelchair accessory, nonstandard seat frame width, greater than or equal to 20 inches but less than 24 inches	IN
E2202	Manual wheelchair accessory, nonstandard seat frame width, 24-27 inches	IN
E2203	Manual wheelchair accessory, nonstandard seat frame depth, greater than or equal to 20 inches but less than 22 inches	IN
E2204	Manual wheelchair accessory, nonstandard seat frame depth, 22-25 inches	IN
E2310	Power wheelchair accessory, electronic connection between wheelchair controller and one power seating system motor, including all related electronics, indicator feature, mechanical function selection switch, and fixed mounting hardware	IN
E2311	Power wheelchair accessory, electronic connection between wheelchair controller and two or more power seating system motors, including all related electronics, indicator feature, mechanical function selection switch, and fixed mounting hardware	IN
E2320	Power wheelchair accessory, hand or chin control interface, remote joystick or touchpad, proportional, including all related electronics and fixed mounting hardware	IN
E2321	Power wheelchair accessory, hand control interface, remote joystick, nonproportional, including all related electronics, mechanical stop switch, and fixed mounting hardware	IN
E2322	Power wheelchair accessory, hand control interface, multiple mechanical switches, nonproportional, including all related electronics, mechanical stop switch, and fixed mounting hardware	IN
E2323	Power wheelchair accessory, specialty joystick handle for hand control interface, prefabricated	IN
E2324	Power wheelchair accessory, chin cup for chin control interface	IN
E2325	Power wheelchair accessory, sip and puff interface, nonproportional, including all related electronics, mechanical stop switch, and manual swingaway mounting hardware	IN
E2326	Power wheelchair accessory, breath tube kit for sip and puff interface	IN
E2327	Power wheelchair accessory, head control interface, mechanical, proportional, including all related electronics, mechanical direction change switch, and fixed mounting hardware	IN

E2328	Power wheelchair accessory, head control or extremity control interface, electronic, proportional, including all related electronics and fixed mounting hardware	IN
E2329	Power wheelchair accessory, head control interface, contact switch mechanism, nonproportional, including all related electronics, mechanical stop switch, mechanical direction change switch, head array, and fixed mounting hardware	IN
E2330	Power wheelchair accessory, head control interface, proximity switch mechanism, nonproportional, including all related electronics, mechanical stop switch, mechanical direction change switch, head array, and fixed mounting hardware	IN
E2340	Power wheelchair accessory, nonstandard seat frame width, 20-23 inches	IN
E2341	Power wheelchair accessory, nonstandard seat frame width, 24-27 inches	IN
E2342	Power wheelchair accessory, nonstandard seat frame depth, 20 or 21 inches	IN
E2343	Power wheelchair accessory, nonstandard seat frame depth, 22-25 inches	IN
E2351	Power wheelchair accessory, electronic interface to operate speech generating device using power wheelchair control interface	IN
L0112	Cranial cervical orthosis, congenital torticollis type, with or without soft interface material, adjustable range of motion joint, custom fabricated	PO
L0861	Addition to halo procedure, replacement liner/interface material	PO
L1831	Knee orthosis, locking joint(s), positional orthosis, prefabricated, includes fitting and adjustment	PO
L1907	AFO, supramalleolar with straps, with or without interface/pads, custom fabricated	PO
L1951	AFO, spiral, (institute of rehabilitative medicine type), plastic or other material, prefabricated, includes fitting and adjustment	PO
L1971	Ankle foot orthosis, plastic or other material with ankle joint, prefabricated, includes fitting and adjustment	PO
L3917	Hand orthosis, metacarpal fracture orthosis, prefabricated includes fitting and adjustment	PO
L8511	Insert for indwelling tracheoesophageal prosthesis, with or without valve, each	PO
L8512	Gelatin capsules or equivalent, for use with tracheoesophageal voice prosthesis, replacement only, per 10	PO
L8513	Cleaning device used with tracheoesophageal voice prosthesis, pipet, brush or equal, replacement only, each	PO
L8514	Tracheoesophageal puncture dilator, replacement only, each	PO
V2762	Polarization, any lens material, per lens	PO
V2782	Lens index 1.54 to 1.65 plastic or 1.60 to 1.79 glass, excludes polycarbonate, per lens	PO
V2783	Lens index greater than or equal to 1.66 plastic or greater than or	PO

equal to 1.80 glass, excludes polycarbonate, per lens  
V2784 Lens, polycarbonate or equal, any index, per lens  
V2786 Specialty occupational multifocal lens, per lens

PO  
PO

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
1.2	DMERCs must submit ASCII files containing the base fees for the codes identified in requirement 1.1 to CMS central office by November 14, 2003. The files must be submitted via email to Mary Anne Stevenson (MSTEVENSON@CMS.HHS.GOV) and Joel Kaiser (JKAISER@CMS.HHS.GOV). DMERCs must submit the fees using the file layout provided in requirement 1.14 below.	DMERCs
1.3	Carriers must retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T040101.V1104) by November 4, 2003.	Carriers, DMERCs
1.4	FIs must retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T040101.V1204.FI) by December 4, 2003.	FIs
1.5	DMERCs must retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY04.V1104) by November 4, 2003.	DMERCs
1.6	Carriers must retrieve the DMEPOS Gap-fill fee schedule file (filename: MU00.@BF12393.DMEPOS.T040101.GAP.V1212) by December 12, 2003.	Carriers, DMERCs
1.7	FIs must retrieve the DMEPOS Gap-fill fee schedule file (filename: MU00.@BF12393.DMEPOS.T040101.GAP.V1212.FI) by December 12, 2003.	FIs
1.8	Upon successful receipt of the fee schedule files identified in requirements 1.3 thru 1.7, the contractors must send notification of receipt via EMAIL to Mary Anne Stevenson (MSTEVENSON@CMS.HHS.GOV). This notification must state the name of the file received and the entities for which they were received (e.g., contractor name and FI/RHHI number).	Carriers, DMERCs, FIs

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
1.9	The HCPCS codes listed below are being added to the HCPCS on January 1, 2004, and must be added to the CWF categories identified below.	CWF

<u>HCPCS</u>	<u>CWF Categories</u>
A4216 – A4217	3, 8, 16, 60
A4248	16, 60
A4366	3, 60
A4416 – A4420	3, 60
A4423 – A4434	3, 60
A4638	4, 60
A4671 – A4674	8, 60
A4728	8, 60
A6407	21, 60
A6441 – A6456	21, 60
A6550 – A6551	16, 60
A7046	4, 60
A7520 – A7526	3, 60
A9280	17, 60
A9999	16, 56, 60
E0118	4, 60
E0140	4, 60
E0190	4, 60
E0240	4, 60
E0247 – E0248	4, 60
E0300	4, 59, 60
E0301 – E0304	1, 59, 60
E0470	1, 60
E0471 – E0472	2, 60
E0561 – E0562	4, 60
E0637 – E0638	4, 60
E0675	1, 60
E0955 – E0957	4, 60
E0960	4, 60
E0981 – E0982	4, 60
E0983	5, 60
E0984 – E0986	4, 60
E1002 – E1010	4, 60
E1019	4, 60
E1021	4, 60
E1028 – E1030	4, 60
E1391	6, 60
E1634	8, 60
E2120	1, 60

E2201 – E2204	4, 60
E2300 – E2301	4, 60
E2310 – E2311	4, 60
E2320 – E2331	4, 60
E2340 – E2343	4, 60
E2351	4, 60
E2360 – E2367	4, 60
E2399	17, 56, 60
E2402	1, 60
E2500	4, 60
E2502	4, 60
E2504	4, 60
E2506	4, 60
E2508	4, 60
E2510 – E2512	4, 60
E2599	17, 56, 60
J0152	17, 60
J0215	11, 60
J0583	17, 60
J0595	17, 60
J1335	17, 60
J1595	17, 60
J2001	17, 60
J2185	17, 60
J2280	17, 60
J2353 – J2354	17, 60
J2505	17, 60
J2783	17, 60
J3415	17, 60
J3465	17, 60
J3486	17, 60
J7303	17, 60
J7621	17, 60
J9098	17, 60
J9178	17, 60
J9263	17, 60
J9395	17, 60
K0560	4, 60
L0112	3, 60
L0861	3, 60
L1831	3, 60
L1907	3, 60
L1951	3, 60
L1971	3, 60
L3031	3, 60
L3917	3, 60

L5673	3, 60
L5679	3, 60
L5681	3, 60
L5683	3, 60
L8511 – L8514	3, 60
L8631	3, 67
L8659	3, 67
Q0182	17, 67
Q4052 – Q4056	17, 60
V2121	3, 60
V2221	3, 60
V2321	3, 60
V2745	3, 60
V2756	3, 60
V2761 – V2762	3, 60
V2782 – V2784	3, 60
V2786	3, 60
V2797	3, 60

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
1.10	Carriers, DMERCs, and FIs must use the 2004 DMEPOS fee schedule payment amounts to pay claims for items furnished from January 1, 2004 through December 31, 2004.	Carriers, DMERCs, FIs
1.11	Contractors must use the revised fee schedule for code L0486 to pay claims for items furnished from January 1, 2004 through December 31, 2004.	DMERCs, FIs
1.12	DMERCs must use the 2004 PEN fee schedule payment amounts to pay claims for items furnished from January 1, 2004 through December 31, 2004.	DMERCs
1.13	Carriers must use the process below for making corrections to the base fee schedule amounts for the 2004 DMEPOS or PEN fee schedule during the April, July, or October 2004 quarterly updates or January 2005 DMEPOS fee schedule update.	Carriers, DMERCs

1. The DMERCs and SADMERC will identify those instances where base year fees are incorrect and forward requests for revisions to their regional offices. The DMERCs will also identify those instances where fee schedule amounts are replaced by inherent reasonableness (IR) limits/payment amounts, should the authority for making IR adjustments be restored. Contractors must use the file layout in Attachment A to submit all revisions. Regional offices will review those requests and, upon concurrence, forward

them to the DDS, Attention: Mary Anne Stevenson. (Those transmissions must occur within the dates provided in the schedule below.)

2. The requests for revisions must be accompanied by a narrative description. This narrative description must be forwarded via E-Mail to Mary Anne Stevenson (MSTEVENSON@CMS.HHS.GOV) in DDS and Joel Kaiser (JKAISER@CMS.HHS.GOV) in the Division of Community Post-Acute Care (DCPC) in the Center for Medicare Management.

3. For inherent reasonableness (IR) changes, the effective date of the revised payment amount must also be provided. Attachment A provides a field for those dates.

4. DDS will recalculate the current year fee schedule amounts as appropriate.

5. DDS will transmit the entire DMEPOS file to the DMERCs, SADMERC, and local carriers using the file layout described in Attachment B. An indicator in the record field will identify those instances where pricing amounts have changed. (These transmissions must occur within the dates provided in the schedule below. DCPC (Joel Kaiser) must also receive a copy of the corrected fees.

6. Concurrently, DCPC will issue instructions for implementing the revised fee schedule amounts.

7. The DMERCs and local carriers should give providers 30 days notification before revised payment amounts are implemented. Dates for implementation are provided in the schedule below.

8. In terms of handling adjustments, carriers should make adjustments on those claims that were processed incorrectly if brought to their attention. Adjustments may be made retroactively to January 1 of 2004 unless otherwise specified.

**NOTE:** These instructions apply in all instances unless the situation requires special consideration. In those instances, instructions on handling adjustments will be provided on a case-by-case basis.

9. Separate instructions will be issued describing the data exchange for intermediaries. In summary, intermediaries will receive the revised payment amounts 2 to 3 weeks after the carriers receive the data from DDS. Intermediaries may not implement the revised payment amounts prior to the carriers' implementation date.

10. DDS will furnish the revised payment amounts to RRB, Indian Health Service and United Mine Workers. DMERCs and local Part B carriers must provide the data to the State Medicaid Agencies.

11. Fee Schedule Disclaimer: Whenever the carriers publish the DMEPOS fee schedule in their bulletins/notices, a disclaimer must be added. The disclaimer is,

"Inclusion or exclusion of a fee schedule amount for an item or service does not imply any health insurance coverage."

12. Schedule for changes for 2004 DMEPOS Fees:

Changes to DDS\*

<u>(Mary Anne Stevenson)</u>	<u>DDS Transmit Files</u>	<u>Carriers Implement</u>
January 29	February 12	April **
April 12	May 5	July **
July 19	August 11	October **
September 15	November 5	January 1, 2005

\* DMERCs or local carriers will forward changes to the RO. ROs will forward requests to DDS/Mary Anne Stevenson.

\*\* Carriers must implement by mid-month after providing 30 days notice. If necessary, adjustments may be made retroactive to January 1 of the current year.

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
1.14	Carriers must submit gap-filled or revised base fees using the file layout below.	Carriers, DMERCs

DATA SET NAME: DMEREV1A.TXT -- First Quarter Submission  
 DMEREV1B.TXT -- Second Quarter Submission  
 DMEREV1C.TXT -- Third Quarter Submission  
 DMEREV1D.TXT -- Fourth Quarter Submission

<b><u>FIELD NAME</u></b>	<b><u>PIC</u></b>	<b><u>POSITION</u></b>	<b><u>COMMENT</u></b>
HCPCS CODE	X(5)	1-5	
FILLER	X(1)	6-6	Set to Spaces
FIRST MODIFIER	X(2)	7-8	
FILLER	X(1)	9	Set to Spaces
SECOND MODIFIER	X(2)	10-11	
FILLER	X(2)	12-13	Set to Spaces

STATE	X(3)	14-16	
FILLER	X(1)	17	Set to Spaces
REVISED BASE FEE	S9(5).99	18-26	1992 level for surgical dressings; 1989 for all other categories
FILLER	X(1)	27	Set to Spaces
CAPPED RENTAL INHERENT	X(1)	28	For Capped Rental Services Only: 0--IR not applied to original base fee, base
REASONABLENESS (IR) INDICATOR			fee is subject to rebasing adjustment 1--IR applied to original base fee, base fee is exempted from rebasing adjustment
FILLER	X(1)	29	Set to Spaces
NATURE OF FEE REVISION	X(1)	30	0--Correction 1--IR Revision 2--Other--Please submit supporting documentation
FILLER	X(1)	31	Set to Spaces
IR-EFFECTIVE DATE	9(8)	32-39	Field is applicable only to those records where the fee has changed due to an inherent reasonableness decision and the previous field contains a value of "1". Format is YYYYMMDD

### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

X-Ref Requirement #	Instructions
1.1	Instructions for gap-filling fee schedule amounts are located in section 60.3 of chapter 23 of the Medicare Claims Processing Manual (Pub 100-4). Base fee schedule amounts submitted to CMS central office must not be updated by any update factors other than the 1.7% (1989) update factor for DME and prosthetics/orthotics. The 2003 deflation factors are: .600 for CR; .602 for IN, OS, and PO; and .763 for SD.

1.3, 1.4, 1.6, 1.7	The DMEPOS Fee Schedule File Layout is provided below.
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**DMEPOS FEE SCHEDULE FILE LAYOUT**

**SORT SEQUENCE:** Category, HCPCS, 1st Mod, 2nd Mod, State

<u>FIELD NAME</u>	<u>PIC</u>	<u>POSITION</u>	<u>COMMENT</u>
YEAR	X(4)	1-4	Applicable Update Year
HCPCS CODE	X(5)	5-9	All current year active and deleted codes subject to DMEPOS floors and ceilings
1ST MODIFIER	X(2)	10-11	
2ND MODIFIER	X(2)	12-13	
JURISDICTION	X	14	D--DMERC jurisdiction L--Local Part B Carrier jurisdiction J--Joint DMERC/Local Carrier jurisdiction
CATEGORY	X(2)	15-16	IN--Inexpensive/Routinely Purchased FS--Frequently Serviced CR--Capped Rental OX--Oxygen & Oxygen Equipment OS--Ostomy, Tracheostomy & Urologicals SD--Surgical Dressings PO--Prosthetics & Orthotics SU--Supplies TE--TENS
HCPCS ACTION	X	17	Indicates active/delete status in HCPCS file A--Active Code D--Deleted Code, price provided for grace period processing only
REGION	X(2)	18-19	This amount is not used for pricing claims. It is on file for informational purposes. 00--For all non Prosthetic and Orthotic Services

01-10--For Prosthetic and Orthotic Services Only. This field denotes the applicable regional fee schedule

STATE X(2) 20-21

ORIGINAL BASE FEE 9(5)V99 22-28

This amount is not used for pricing claims. It is on file for informational purposes. For capped rental services this amount represents the base fee after adjustments for rebasing and statewide conversions. The base year for E0607 and L8603 is 1995. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they do not have a true base fee. For these codes, this field will be filled with zeros.

CEILING 9(5)V99 29-35

This amount is not used for pricing claims. It is on file for informational purposes, and could be integrated into other processes (i.e., IR review, validation, inquiries). Note that since E0607 is priced via national IR, it is not priced using floors and ceilings. For E0607, this field will be filled with zeros. Since pricing amounts for E1405 and E1406 are developed by summing pricing amounts from source codes, they are not subject to ceilings and floors. For these codes, this field will be filled with zeros.

FLOOR 9(5)V99 36-42

This amount is not used for pricing claims. It is on file for informational purposes, and could be integrated into other processes (i.e., IR review, validation, inquiries). Note that since E0607 is priced via national IR, it is not priced using floors and ceilings. For E0607, this field will be filled with zeros. Since pricing amounts for E1405 and E1406 are

developed by summing pricing amounts from source codes, they are not subject to ceilings and floors. For these codes, this field will be filled with zeros.

UPDATED FEE SCHEDULE AMOUNT	9(5)V99 43-49		Amount used for pricing
GAP-FILL INDICATOR	X	50	0--No Gap-filling Required. 1--Carrier Needs to Gap-fill Original Base Year Amount.
PRICING CHANGE INDICATOR	X	51	0--No change to the updated fee schedule amount since previous release. 1--A change has occurred to the updated fee schedule amount since the previous release.
FILLER	X(9)	52-60	Set to Spaces

X-Ref Requirement #	Instructions
1.5	The PEN Fee Schedule File Layout is provided below.

### PEN FEE SCHEDULE FILE LAYOUT

FIELD NAME	PIC	POSITION	COMMENT
YEAR	X(4)	1-4	Applicable Update Year
HCPCS CODE	X(5)	5-9	All current year active and deleted codes
1ST MODIFIER	XX	10-11	
2ND MODIFIER	XX	12-13	
JURISDICTION	X	14	D--DMERC jurisdiction
CATEGORY	XX	15-16	PE—Parenteral and Enteral Nutrition
HCPCS ACTION	X	17	Indicates active/delete status in HCPCS file A--Active Code D--Deleted Code, price provided for grace period processing only
FILLER	XX	18-19	Value “00”.
STATE	XX	20-21	
ORIGINAL BASE FEE	9(5)V99	22-28	This amount is not used for pricing claims. It is on file for informational purposes.
FILLER	9(5)V99	29-35	This field is zero filled.
FILLER	9(5)V99	36-42	This field is zero filled.

UPDATED FEE SCHEDULE AMOUNT	9(5)V99 43-49		Amount used for pricing
GAP-FILL INDICATOR	X	50	0--No Gap-filling Required. 1—Carrier Needs to Gap-fill Original Base Year Amount.
PRICING CHANGE INDICATOR	X	51	0--No change to the updated fee schedule amount since previous release. 1--A change has occurred to the updated fee schedule amount since the previous release.
FILLER	X(9)	52-60	

**B. Design Considerations:** N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

**C. Interfaces:** N/A

**D. Contractor Financial Reporting /Workload Impact:** N/A

**E. Dependencies:** N/A

**F. Testing Considerations:** N/A

**IV. SCHEDULE, CONTACTS, AND FUNDING**

<b>Effective Date:</b> January 1, 2004 <b>Implementation Date:</b> January 5, 2004 <b>Pre-Implementation and Post-Implementation Contact(s):</b> Joel Kaiser at 410-786-4499	<b>These instructions should be implemented within your current operating budget.</b>
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